

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Mexico

Food Service - Hotel Restaurant Institutional

Hotel Restaurant and Institutional Guide 2018

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Report Highlights:

During 2017, Mexico remained the top destination for international visitors in the North America region, with Canada second and the United States in third place. Major hospitality multinationals, as well as local companies, will continue to expand throughout Mexico, launching more sustainable (i.e., construction materials being sourced nearby, eco-friendly use of resources like water, electricity, and waste disposal) and practical formats to capture new visitors (international and locals).

Post:

Mexico City ATO

FACT SHEET MEXICO

Executive Summary

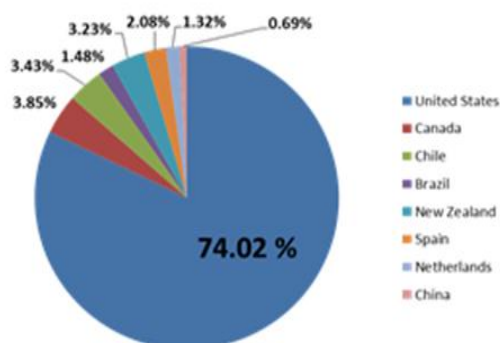
Mexico's total GDP for 2017 was \$1.153 trillion USD (World Bank). In the course of the year, the Mexican Peso gained seven percent of its value against the U.S. Dollar, starting out 2017 at \$20.73 MXN per USD and ending the year at \$19.19 MXN per USD.

Mexico imported \$5.57 billion USD worth of consumer oriented products in 2017, with \$4.12 billion USD (over 70 percent) of the products coming from the United States, making it by far the largest supplier to Mexico. Mexico exported \$13.36 billion USD of consumer oriented, with \$11.33 billion USD heading to the United States. The biggest categories were beer, tomatoes, avocados, and chilies.

The key players in the HRI sector in Mexico are Alsea (operating 11 casual eating brands, including some previously owned by Walmart), CMR (operating 10 brands, including nice casual eating and one signature dining brand), IHG (operating 11 brands), Marriott International (operating 14 brands), Hyatt Group (operating seven brands), and Hilton Hotels (operating seven brands). Nevertheless, independent restaurants and hotels (as well as new formats like AirB&B) are worth to mention as its growing importance due visitors tending to like having a "local" experience when they travel for pleasure.

Imports of Consumer-Oriented Agricultural Products

Consumer-Oriented Imports Mexico



HRI Industry

Major hospitality multinationals, as well as local companies, will continue to expand throughout Mexico, launching more sustainable and practical formats to capture new visitors (international and locals). During 2017 the number of international visitors arriving to

Mexico was 99.6 million, representing a five percent growth in comparison to 2016. The average expenditure of long-stay visitors was \$909.4 USD representing a decrease of 2.3 percent from previous year.

Quick Facts

Imports of Consumer-Oriented Ag. Products 2017:

\$5.57 Billion USD

Top Players

1. IHG (InterContinental Hotels Group)
2. Marriott International
3. Hyatt Group
4. Hilton Hotels & Resorts
5. NH Hotels
6. Hoteles Misión
7. Grupo Posadas
8. City Express Hotels
9. Hotel ONE

Food and Beverage Trends in Mexico for 2018:

The trend for organic foods, ethnic and natural products is still growing; travelers being more knowledgeable regarding the quality of food and drinks and demanding better and more specialized products.

GDP/Population

Population: 127,540,423 (2016, latest available data)
 GDP: \$1.153 Trillion (2017)
 GDP Real Growth: 2.0% (2017)

Sources: Global Trade Atlas, Euromonitor, World Bank.

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I. Market Summary

During 2017, Mexico remained the top destination for international visitors in the North America region, with Canada second and the United States in third place. Major hospitality multinationals, as well as local companies, will continue to expand throughout Mexico, launching more sustainable (i.e., construction materials being sourced nearby, eco-friendly use of resources like water, electricity, and waste disposal) and practical formats to capture new visitors (international and locals).

According to Banxico (Bank of Mexico), during 2017 the number of international visitors arriving to Mexico was 99.6 million, representing five percent growth in comparison to 2016. The average expenditure of long-stay visitors was \$909.4 USD, representing a decrease of 2.3 percent from previous year.

Table 1. Mexico: Economy at a Glance

| INDICATORS | 2015 | 2016 | 2017 |
|---|---------|---------|---------|
| GDP (% Growth) | 2.5% | 2.9% | 2.0% |
| Inflation (% Growth) | 2.7% | 2.8% | 6.0% |
| Exchange rate (Pesos) | \$15.86 | \$18.66 | \$18.87 |
| Total Imports to U.S. (Billions of USD) | 186.80 | 179.58 | 194.54 |
| Total Exports to U.S. (Billions of USD) | 308.85 | 302.64 | 326.96 |

World Bank/GT

The current strong momentum in the tourism sector is expected to continue in 2018, though at a slightly reduced pace after eight years of steady expansion following the 2009 economic and financial crisis.

Based on current trends, economic prospects and the outlook by the United Nations World Tourism Organization (UNWTO) international tourist arrivals are projected to grow by 3.5-4.5 percent in Mexico during 2018.

The Mayan Rivera, Cancun, and Cabo are still the main destinations for international visitors. Nevertheless Mexico City, Monterrey, and Guadalajara as well as the “Bajío” region (Queretaro, Guanajuato, Jalisco, and Aguascalientes) are experiencing hotel expansion and big investment.

IHG (InterContinental Hotels Group) operates 11 brands in Mexico, with a total of 139 properties in the country representing over 21,000 rooms. Expansion plans include the opening of 12 new hotels reaching out to business lodging needs in the Bajío region.

Marriott International currently has 76 properties in the country under 14 different brands. For 2018, Marriott is projected to open 17 new hotels in Cabo, Cancun, Monterrey, Guanajuato, Aguascalientes, and Mexico City, as well as San Luis Potosi, Merida, Tijuana, and Puebla.

Hyatt Group has over 3,000 rooms throughout the country (including the three 2017 openings in Mexico City, Guadalajara, and the Mayan Rivera). For 2020 and 2021, the *Park Hyatt* is expected to open in Cabo and Mexico City, respectively. According to Hyatt Latin America’s Marketing Vice-President, “Mexico is the expansion platform for the rest of the continent, having a big importance for brand development. We have seven of our 14 brands in Mexico, [and it is] the only country with such a

big presence.”

Hilton Hotels & Resorts has 55 properties in Mexico. Expansion plans include 30 new properties, including the 2021 openings of the Waldorf Astoria Cancun and Hilton Cancun.

The Spanish group **NH Hotels** has 15 properties in the country; seven under the brand “Collection,” and the other eight as “NH Hotels.” Their expansion strategy for the next years is to develop more in Mexico City, Cancun, Monterrey, and Merida, trying to reach business and leisure tourists.

Mexican groups such as **Hoteles Misión**, **Grupo Posadas**, and **City Express Hotels** are expanding and investing to open more than 300 new properties.

Mexico: Advantages and Challenges for U.S. Exporters

| ADVANTAGES | CHALLENGES |
|--|---|
| Industry leaders are hiring and partnering with sophisticated security companies to insure tourist areas are safe and businesses continue uninterrupted. | Security issues are real and extreme in some states of the country, but businesses continue operating. |
| Constant visitor flow by international travelers and Mexicans at all socioeconomic levels. | New jobs creation in Mexico is not keeping pace with the population growth, keeping unemployment rates practically unchanged. |
| Mexican hotel and restaurant chains are very familiar with U.S. retail best practices. | Local manufacturers are adapting quickly to meet hospitality industry needs and specifications, bringing new competition to U.S. products. |
| Industry practices are becoming more sophisticated insuring: <ul style="list-style-type: none"> • Cold chain distribution for wider penetration nationwide. • Increased use of technology. | While cold chain distribution is now available nationwide, it has not been implemented throughout lower levels of the distribution chain, such as wet markets. Regional distribution south of Mexico City is still being developed. |
| Greater knowledge about organic products from the visitors is opening new product opportunities at the hospitality level. | Mexico exports large volumes of organic produce, offering direct competition to U.S. organic producers. |
| Industry-wide investments are continuously being made, improving infrastructure and logistics. | Lower-end, smaller hotels and AirB&B are the fastest growing segments in hospitality, which are not the primary locations for more expensive U.S. products. |
| Local producers are rising to the challenge of producing quality goods with an increase in variety, learning, and adapting to growing demands. | Mexico is the country with the most free trade agreements in Latin America, opening the door to many competitors delivering products into the market with few to no tariff barriers. |
| Increased awareness in health and body care generates greater demands for healthy | Mexico has negotiated an expanded free trade agreement with the European Union, potentially |

products, positioning U.S. produce and its huge array of products at an advantage.

increasing competition in the healthy product sector.

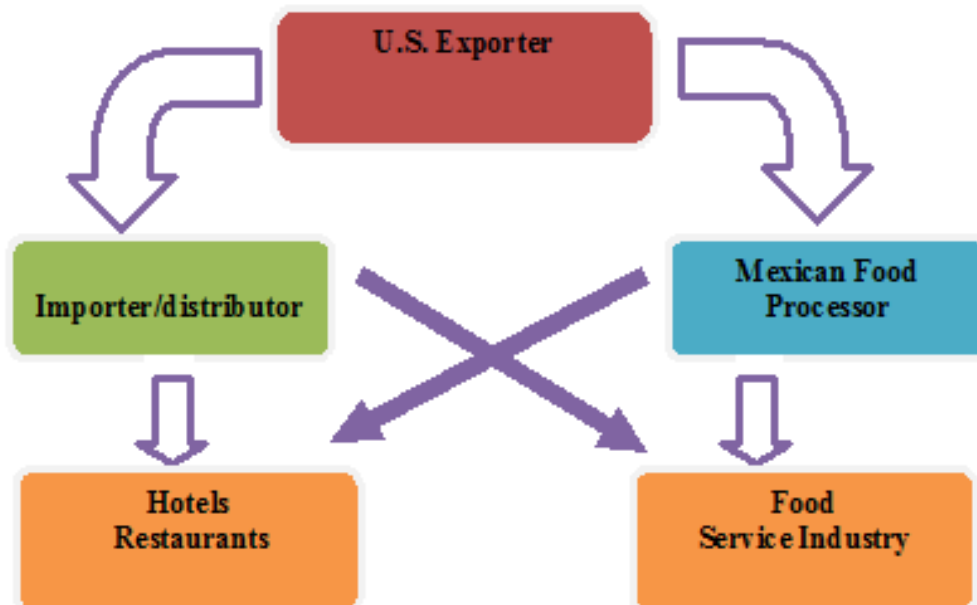
II. Road Map for Market Entry

Many U.S. companies seeking to export to Mexico attend [Abastur](#) and [Expo Hotel](#) (the biggest HRI shows in Mexico) to get insight on the Mexican market, establish new contacts, and get to know buyers, potential business partners, importers, and distributors. In addition to recognizing the differences between Mexican and U.S. business culture, it is important for U.S. exporters to consider regional purchasing patterns. Some products might fit perfectly in a particular region, but not in the whole country.

It is important for U.S. companies to find an experienced and professional importer or distributor as local partner. Distributors or importers will help with issues related to regulations, procedures, labeling, and customs clearance. Big hotel and restaurant chains have their own purchasing and importing departments. Companies attempting to approach large chains should have enough production capacity to meet the large product volumes they typically require.

Additional information on product requirements, labeling issues, and other topics is available via the [FAS GAIN](#) system.

Diagram I: Distribution Channels for Processed Food/Fresh Products in Mexico



III. Competition

Total Imports of Selected Products into Mexico and Main Competitors 2017

| Mexico Import Statistics | | |
|--|------------------------------|--------------------|
| Commodity: Consumer-Oriented Agricultural Total, (2017) | | |
| Year To Date: January - May | | |
| Partner Country | United States Dollars | |
| | 2016 | 2017 |
| World | \$4,429,312,779.00 | \$4,589,287,438.00 |
| United States | \$3,244,770,762.00 | \$3,402,698,281.00 |
| Canada | \$191,452,802.00 | \$173,173,983.00 |
| Chile | \$195,427,265.00 | \$158,155,010.00 |
| Brazil | \$44,884,254.00 | \$66,297,333.00 |
| New Zealand | \$131,016,873.00 | \$155,538,949.00 |

| Mexico Import Statistics | | |
|---|------------------------------|--------------------|
| Commodity: 08, Edible Fruit And Nuts; Peel Of Citrus Fruit Or Melons | | |
| Annual Series: 2016 - 2017 | | |
| Partner Country | United States Dollars | |
| | 2016 | 2017 |
| World | \$942,558,970.00 | \$1,013,618,047.00 |
| United States | \$765,918,263.00 | \$840,317,677.00 |
| Chile | \$88,149,290.00 | \$85,747,722.00 |
| Peru | \$25,951,665.00 | \$24,888,113.00 |
| Turkey | \$22,574,396.00 | \$20,206,677.00 |
| Argentina | \$7,664,023.00 | \$8,535,818.00 |

| Mexico Import Statistics | | |
|--|------------------------------|------------------|
| Commodity: 0808, Apples, Pears And Quinces, Fresh | | |
| Annual Series: 2016 - 2017 | | |
| Partner Country | United States Dollars | |
| | 2016 | 2017 |
| World | \$323,150,717.00 | \$363,079,781.00 |
| United States | \$310,905,955.00 | \$352,205,028.00 |
| Chile | \$5,837,489.00 | \$4,853,512.00 |
| Argentina | \$5,277,020.00 | \$4,554,493.00 |
| Canada | \$739,675.00 | \$677,228.00 |
| China | \$360,674.00 | \$505,773.00 |

| Mexico Import Statistics | | |
|--|--|--|
| Commodity: 0207, Meat And Edible Offal Of Poultry (Chickens, Ducks, Geese, Turkeys And Guineas), Fresh, Chilled Or Frozen | | |

| Annual Series: 2016 - 2017 | | |
|----------------------------|-----------------------|--------------------|
| Partner Country | United States Dollars | |
| | 2016 | 2017 |
| World | \$1,008,229,726.00 | \$1,112,658,717.00 |
| United States | \$818,714,169.00 | \$841,426,844.00 |
| Brazil | \$108,247,881.00 | \$217,534,178.00 |
| Chile | \$80,827,736.00 | \$53,123,381.00 |
| Canada | \$351,528.00 | \$ 295,608.00 |
| Argentina | \$ - | \$170,625.00 |

| Mexico Import Statistics | | |
|---|-----------------------|-----------------|
| Commodity: 0202, Meat Of Bovine Animals, Frozen | | |
| Annual Series: 2016 - 2017 | | |
| Partner Country | United States Dollars | |
| | 2016 | 2017 |
| World | \$43,241,695.00 | \$49,762,025.00 |
| United States | \$36,261,919.00 | \$39,174,745.00 |
| Australia | \$306,673.00 | \$5,064,999.00 |
| Nicaragua | \$1,168,977.00 | \$2,046,186.00 |
| New Zealand | \$2,034,140.00 | \$1,912,957.00 |
| Canada | \$3,281,147.00 | \$1,025,617.00 |

| Mexico Import Statistics | | |
|---|-----------------------|------------------|
| Commodity: 0201, Meat Of Bovine Animals, Fresh Or Chilled | | |
| Annual Series: 2016 - 2017 | | |
| Partner Country | United States Dollars | |
| | 2016 | 2017 |
| World | \$689,145,448.00 | \$739,366,542.00 |
| United States | \$583,657,860.00 | \$614,475,888.00 |
| Canada | \$77,794,217.00 | \$81,539,688.00 |
| Nicaragua | \$25,541,846.00 | \$41,289,203.00 |
| Uruguay | \$1,735,074.00 | \$1,307,575.00 |
| Australia | \$293,873.00 | \$428,119.00 |

| Mexico Import Statistics | | |
|--|--|--|
| Commodity: 2204, Wine Of Fresh Grapes, Including Fortified Wines; Grape Must (Having An Alcoholic Strength By Volume Exceeding 0.5% Vol.) Neso | | |

| Annual Series: 2016 - 2017 | | |
|----------------------------|-----------------------|------------------|
| Partner Country | United States Dollars | |
| | 2016 | 2017 |
| World | \$ 236,153,005.00 | \$250,049,216.00 |
| Spain | \$66,799,098.00 | \$72,809,334.00 |
| France | \$40,596,192.00 | \$46,954,679.00 |
| Chile | \$41,144,117.00 | \$42,994,318.00 |
| Italy | \$36,265,681.00 | \$41,386,705.00 |
| Argentina | \$28,338,121.00 | \$20,156,350.00 |

IV. Best Products Prospects

A more educated population willing to travel outside their countries, expansion of lodging options, credit availability, and the booming number of Double Income No Kids (DINK) couples around the world, all open several possibilities for imported products of high quality and value in the HRI industry.

As mentioned above, the hospitality industry is expanding on the high-end/sustainable formats, where imported products are a major draw for consumers. Given the rapid expansion of hotels and restaurants in this niche, the HRI industry needs to offer products in the following categories:

- Health and wellness products (power foods, vegan and gluten free products).
- Gourmet products.
- Organic and non-GMO foods.
- Ethnic foods (spices, food bases, cereals and condiments)
- Wines/Spirits/Craft Beer.
- Specialized dairy products (gourmet cheeses, non-fat sugarless yogurts, lactose free, etc.)

V. Key Contacts and Further Information

For further information and to learn more about the services provided by the Agricultural Trade Offices (ATO) in Mexico, please contact us at:

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